

AMENDED IN SENATE MAY 10, 2005

AMENDED IN SENATE APRIL 14, 2005

SENATE BILL

No. 392

Introduced by Senator Cedillo

February 17, 2005

An act to add Section 16419.5 to the Government Code, and to add Sections 6051.7 and 6201.7 to the Revenue and Taxation Code, relating to taxation, ~~and~~ making an appropriation therefor, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 392, as amended, Cedillo. Sales and use taxes: public safety and emergency services.

The Sales and Use Tax Law imposes a tax on the sale of, or the storage, use, or other consumption of, tangible personal property in this state at specified rates.

This bill would, in addition, impose a tax, on and after January 1, 2006, on the sale of, or the storage, use, or other consumption of, tangible personal property in this state at a rate of $\frac{1}{2}\%$ beginning on January 1, 2006. This bill would create the California First Responder Fund and require that all revenues, less refunds, derived from the tax be transferred to the fund. This bill would continuously appropriate 10% of the moneys in the fund to the California Highway Patrol and the Department of Forestry and Fire Protection for hiring additional personnel, as provided. This bill would require that the balance of the moneys in the fund be allocated, as prescribed by statute, to each city, county, and city and county, for use for specified public safety services, as provided.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 16419.5 is added to the Government
2 Code, to read:
3 16419.5. (a) The California First Responder Fund is hereby
4 established in the State Treasury. All moneys in the fund shall be
5 allocated as follows:
6 (1) Notwithstanding Section 13340, ten percent of the moneys
7 are hereby continuously appropriated, without regard to fiscal
8 year, to the California Highway Patrol or its successor agency
9 and to the Department of Forestry and Fire Protection or its
10 successor agency, as follows:
11 (A) Fifty-five percent shall be used by the California Highway
12 Patrol for purposes of hiring new personnel except that the
13 California Highway Patrol may, with the approval of the Office
14 of Homeland Security, or its successor agency, use up to 10
15 percent of the funds received under this subparagraph for
16 administrative and training costs.
17 (B) Forty-five percent shall be used by the Department of
18 Forestry and Fire Protection for purposes of hiring new
19 personnel, except that the Department of Forestry and Fire
20 Protection may, with the approval of the Office of Homeland
21 Security, or its successor agency, use up to 10 percent of the
22 funds received under this subparagraph for purposes of
23 administrative and training costs.
24 (b) The balance shall be allocated by statute, on a per capita
25 basis, to each city, county, and city and county.
26 (c) Moneys allocated to a city, county, or city and county
27 pursuant to subdivision (b) shall be used to supplement, and not
28 supplant, the amount of revenues that were designated by the
29 city, county, or city and county for public safety services in the
30 2004 calendar year, as follows:
31 (1) Fifty percent for law enforcement personnel.
32 (2) Forty percent for fire department personnel.
33 (3) Ten percent for emergency medical technicians and trauma
34 center personnel.

1 (d) A maximum of 10 percent of the moneys allocated for a
2 purpose specified in subdivision (c) may be expended for
3 administrative or training costs.

4 SEC. 2. Section 6051.7 is added to the Revenue and Taxation
5 Code, to read:

6 6051.7. (a) Except as provided in subdivision (b), in addition
7 to any other taxes imposed by the part, for the privilege of selling
8 tangible personal property at retail, a tax is hereby imposed upon
9 all retailers at the rate of one-half of 1 percent of the gross
10 receipts of any retailer from the sale of all tangible personal
11 property sold at retail in this state on and after January 1, 2006.

12 (b) Both of the following are exempted from the tax imposed
13 by this section:

14 (1) The gross receipts from the sale of material, fixtures, and
15 supplies, if the sale of the material, fixtures, or supplies is
16 obligated pursuant to an engineering construction project contract
17 or a building construction contract entered into for a fixed price
18 prior to the effective date of this section.

19 (2) (A) A lease of tangible personal property, that is a
20 continuing sale and purchase of that property, for any period of
21 time for which the lessor is obligated to lease the property for an
22 amount fixed by the lease prior to the effective date of this
23 section.

24 (B) For the purposes of this paragraph, the sale or lease of
25 tangible personal property shall be deemed not to be obligated
26 pursuant to a contract or lease for any period of time for which
27 any party to the contract or lease has the right to terminate the
28 contract or lease upon notice, whether or not that right is
29 exercised.

30 (c) Notwithstanding any other provision of this part, all
31 revenues, less refunds, derived from the one-half of 1 percent tax
32 imposed pursuant to this section shall be transferred to the
33 California First Responder Fund created by Section 16419.5 of
34 the Government Code.

35 SEC. 3. Section 6201.7 is added to the Revenue and Taxation
36 Code, to read:

37 6201.7. (a) Except as provided in subdivision (b), in addition
38 to the taxes imposed by any other provision of this part, an excise
39 tax is hereby imposed on the storage, use, or other consumption
40 in this state of tangible personal property purchased from any

1 retailer on or after January 1, 2006, for storage, use, or other
2 consumption in this state at the rate of one-half of 1 percent of
3 the sales price of the property.

4 (b) Both of the following are exempted from the tax imposed
5 by this section:

6 (1) The storage, use, or other consumption in this state of
7 material, fixtures, and supplies if the material, fixtures, or
8 supplies are purchased from any retailer pursuant to an
9 engineering construction project contract or a building
10 construction contract entered into for a fixed price prior to the
11 effective date of this section.

12 (2) (A) A lease of tangible personal property, that is a
13 continuing sale and purchase of that property, for any period of
14 time for which the lessor is obligated to lease the property for an
15 amount fixed by the lease prior to the effective date of this
16 section.

17 (B) For the purposes of this paragraph, the sale or lease of
18 tangible personal property shall be deemed not to be obligated
19 pursuant to a contract or lease for any period of time for which
20 any party to the contract or lease has the right to terminate the
21 contract or lease upon notice, whether or not that right is
22 exercised.

23 (c) Notwithstanding any other provision of this part, all
24 revenues, less refunds, derived from the one-half of 1 percent tax
25 imposed pursuant to this section shall be transferred to the
26 California First Responder Fund created by Section 16419.5 of
27 the Government Code.

28 *SEC. 4. This act is an urgency statute necessary for the*
29 *immediate preservation of the public peace, health, or safety*
30 *within the meaning of Article IV of the Constitution and shall go*
31 *into immediate effect. The facts constituting the necessity are:*

32 *In order to provide for necessary emergency and public safety*
33 *services at the earliest possible time, it is necessary that this act*
34 *go into immediate effect.*